

**CDCI ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Alternatives Federal Credit Union

Point of Contact:	Tristram S. Coffin	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	1402	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,234,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	23283
Date Funded (first funding):	N/A	City:	Ithaca
Date Repaid <sup>1</sup> :	N/A	State:	New York

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

**Increase lending or reduce lending less than otherwise would have occurred.**

Our loan portfolio grew by over fourteen percent, a sharp contrast to the national credit union average of approximately one percent

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**To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

We developed a new commercial mortgage program to meet the needs of small businesses. Mortgage lending, both for first time homebuyers and refinancing, increased. We have also strengthened our consumer lending, with a focus on helping households reduce and refinance their debt

**Increase securities purchased (ABS, MBS, etc.).**

**Make other investments.**

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**Increase reserves for non-performing assets.**

Empty response box for 'Increase reserves for non-performing assets.'

**Reduce borrowings.**

Empty response box for 'Reduce borrowings.'

**Increase charge-offs.**

Empty response box for 'Increase charge-offs.'

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**Purchase another financial institution or purchase assets from another financial institution.**

Empty response area for the first question.

**Held as non-leveraged increase to total capital.**

Empty response area for the second question.

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**What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?**

As a result of our capital position, we were not pressured to cut back any of our community service programs, such as free tax preparation and Business CENTS. More people use and benefit from our community programs than at any time before.

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**What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?**

The Community Development Capital Initiative (CDCI) Secondary Capital investment has allowed us to pursue strategic plan goals by providing an enhanced capital position leading to success in one key aspect of our vision: to gain more members, offer more products, and provide more services. With a stronger capital position, we were able to pursue a strategy of growth across all of our major product and service lines, so that more people may be served by access to our most successful lending and educational platforms. Credit union assets grew by over four percent. We maintained our focus on providing access to credit in the communities we serve, and our total loan portfolio increased by over fourteen percent, highlighted by success in our business and mortgage lending. At the end of 2011, a total of 82 business loans were made totaling \$3,258,600, which is a significant increase compared to the previous year (70 loans totaling \$1,513,791). This is in large part due to a strategic decision to increase our commercial mortgage portfolio to serve the need of 1) members with growing businesses who wished to purchase their own properties and 2) landlords who were looking to buy additional units. To meet these needs, we developed a more competitive product requiring a minimum of 25% equity which has proven to be very popular with our members. We also attribute business loan growth to the new relationships we have made with businesses in our West End neighborhood. Changes in our product line and strengthened neighborhood relations have resulted in additional services and products for neighbor members while directly serving our commitment to the broader community. A stronger capital base, of which CDCI is a part, is the foundation of these and other initiatives that increase our impact. Twenty-seven of this year's loans, totaling \$290,050, went to women-owned or minority-owned businesses. One hundred sixty-seven jobs were retained as a result of our financing this year and 47 jobs were created. Businesses and organizations receiving loans included an architect, environmental consultant, housing-rental company, yoga studio, children's center, bed & breakfast, café, automotive service, organic farm, theatrical production and voice-over service, computer networking company, manufacturer of solar-electric outdoor grills, two deli/restaurants, two bar/restaurants, boat tour company, pre-school, church, barber shop, landscaping company, farm, rock band, community car share organization, dessert maker, cleaning service, two construction companies, painter, landscaper, and realtor.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

Consistent with the growth strategy that is supported by CDCI, we have been able to increase the positive impact of some of our most successful community programs. Business CENTS, which provides coaching services to small business owners, conducted nineteen workshops in addition to four 9-week classes, and provided 227 one on one consulting sessions during the year. Our Student Credit Union, which helps young people establish successful savings habits, was expanded. At year end, the youth credit union had 1835 members, with 263 new members joining. Four new branches of the Student Credit Union opened bringing our operational total to nine different Ithaca area schools. The Young Entrepreneurs Program, a financial literacy and entrepreneurship program run by an AmeriCorps VISTA, partnered with three after-school programs (Greater Ithaca Activities Center, Cornell Cooperative Extension 4-H Urban Outreach at West Village and the Bright Futures Program, Inc.) to help students develop entrepreneurial skills. At year end, the Young Entrepreneurs Program had 27 students participating.